



OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich  
County Executive

March 9, 2023

TO: The Honorable Melony Griffith  
Chair, Finance Committee

FROM: Marc Elrich  
County Executive

RE: Senate Bill 516, *Cannabis Reform*  
Support with Amendments

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I am writing to express support for Senate Bill 516, *Cannabis Reform*, with amendments that address issues relating to revenue generation and distribution, local zoning authority, and the rights and responsibilities of employers and employees.

The bill outlines a thoughtful and comprehensive plan for a licensing and regulatory system that will allow the State to move forward as expeditiously as possible to provide safe access to cannabis products, minimize negative public health impacts, ensure diversity and social equity in the cannabis industry, and reinvest resources in communities that have been disproportionately impacted by the long history of racial and socioeconomic disparities in the enforcement of criminal laws relating to marijuana and other cannabis products. The bill is an excellent vehicle for facilitating final decisions about the many policy issues that must be made this year. However, several components of the bill should be modified to allow local governments to appropriately address community impacts relating to legalization.

The bill establishes a State sales tax of 6% (increasing by 1% each year until reaching 10% in fiscal year 2028) and allocates 1.5% of the revenues to local governments. There is no local taxing authority in the bill. An aggregate sales tax of 6% to 10% is a moderate step when compared to the aggregate tax rates in other states that have legalized cannabis. However, many other states have allocated a much higher share of tax revenues to local governments or have granted new local taxing authority. The bill should be amended to grant local taxing authority or ensure that local governments receive a more equitable share of State sales tax revenues to help support programs that address the negative impacts of legalized cannabis on public health and public safety as well as other related programs that serve our communities.

The Honorable Melony Griffith  
Re: Senate Bill 516  
March 9, 2023

The bill authorizes local governments to establish “reasonable” zoning requirements that do not create an “undue burden” for cannabis businesses. Unfortunately, the terms “reasonable” and “undue burden” are not defined and will likely lead to litigation regarding their meanings. The bill should be amended to either strike these provisions or define the two terms in a manner that maintains local zoning authority for growers, processors, and dispensaries similar to the scope of existing local zoning authority for other agricultural, manufacturing, and retail/service businesses. There is nothing in State law that restricts local zoning authority for medical cannabis, alcoholic beverage, tobacco, vaping, casino, or sports wagering businesses. There should be no zoning restrictions regarding cannabis businesses.

The bill seeks to clarify the rights and responsibilities of employees and employers. However, these provisions are confusing and inconsistent. The bill uses the terms “employer” and “government employer” in various places but neither term is defined. As a result, it is unclear whether the provisions that apply to an employer also apply to a government employer. The provisions that relate to government employers are also inconsistent regarding circumstances under which an employee may be disciplined. The bill should be amended to address inconsistencies and clarify its intent.

Importantly, the bill includes prohibitions against advertisements that are false or misleading, contain a design or depiction that targets minors, display the actual use of cannabis, or encourage use of cannabis as an intoxicant, or are obscene. The bill also prohibits advertising on television, radio, internet, mobile applications, social media, and other digital or print publications unless at least 85% of the audience is reasonably expected to be at least 21 years old as determined by reliable and current data regarding audience composition and on the sides of buildings or other publicly visible locations (e.g., signs, billboards, posters). Numerous studies have shown that exposure to advertising for cannabis products, especially via digital media, is associated with increased frequency and heavier use of cannabis products. Our communities have learned painful lessons relating to the over-marketing of tobacco and alcohol products and marketing of cannabis products should generally be avoided. At the very least, advertising restrictions should be extensive and vigorously enforced. In addition, we should continue to study potential causal relationships between advertising and the appeal of cannabis products to young people.

As the Finance Committee moves forward with finalizing decisions about the bill, I respectfully request that the Committee consider the issues discussed above and give the bill a favorable report with amendments that address each issue.

cc: Members of the Finance Committee